

Mandolins for a Global Market

Handmade in Montana

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U.S. Small Business Administration

When Bruce Weber moved to Bozeman, Mont., in 1980, he brought with him a passion for art that included woodworking, pottery, and playing his mandolin. Montana seemed an ideal place to live and inspire his ambitions. Weber found when he ran out of mandolin strings that the music store in Bozeman was out as well. This one seemingly insignificant event led Weber to where he is today.

The music store suggested another possible source for strings and sent him to a small red building that housed the Flatiron Mandolin and Banjo Company. Flatiron left a lasting impression on Weber, and he began to work for the company shortly thereafter, determined to learn as much as possible about luthery (the making of stringed musical instruments).

Gibson Guitar bought Flatiron in 1987, and Bruce Weber, along with many other employees, stayed on. Ten years later, the operation moved to Nashville, Tenn., and a part of the mandolin team temporarily relocated to set up the mandolin division in Nashville. Even when their jobs were at stake, the team members could not give up the majestic wilderness and unique atmosphere of Montana, and they decided to return home.

HOMESICK FOR BIG SKY

Amazingly, the break from Gibson only momentarily slowed this ambitious group of people. Upon their return to Montana, letters of support and encouragement from musical dealers were already waiting for them. The dealers who had previously bought from the Gibson Flatiron Division followed Bruce Weber. Weber, his luthiers (stringed instrument makers), and sales manager—all known for their integrity

and quality of work—had created a loyal following that solidified into a customer base. The next step was obvious: obtain financing so they could begin fulfilling orders.

Sound to Earth, Ltd., got started with initial financing from First Security Bank and a development grant from Belgrade, Mont. The grant was designed to create jobs—something Weber was glad to do, already aware of the great number of local artists looking for work. Job creation is part of Sound to Earth's success story. The company has grown from five to 26 employees in its six years of operation.

Bruce Weber, joined by Paula Jean Lewis, his sales manager, and three luthiers, had an ambitious plan to form a company that would integrate their moral values and work ethics into something they could do successfully. With their eyes on these two goals, they opened Sound to Earth in a shop in Bruce's backyard. By early 2003, the company had 30 percent of the U.S. mandolin market, and sales continued to grow.

Building a mandolin takes time, creativity, and ingenuity. Sound to Earth's luthiers spend up to 80 hours over an eight-week period to complete a custom mandolin. This may seem like a long time; however, considering the three-year



wait quoted by other small luthiers, it is quite reasonable.

ARTISTIC CRAFTSMANSHIP

Few luthery schools exist in the United States, but schooling is not necessary to become a luthier. Bruce Weber hires a menagerie of artists, whether their specialty is pottery, painting, sculpting, or tying flies. If they have a passion for art and craftsmanship, that is all that is needed. He has found that there is no shortage of artistic talent in Montana.

Sound to Earth's success in the international market can be attributed mainly to its participation in strategic trade shows. One example is the company's attendance twice a year at the trade show of the National Association of Music Merchants. This domestic show is an excellent opportunity to reach international distributors and dealers without leaving the country.

Another important component of Sound to Earth's international business is the Internet. "The Internet has played a huge part in our sales, because people find our product on-line and go to their dealers and request the item," says Bruce

Weber. This sales method initiated business with a large dealer in London. Once players bring Weber mandolins into their circle, other musicians began to notice them, Weber said, and that is when demand begins to climb in an area. Along with trade shows and the Internet, word of mouth has a great deal to do with the success of Weber mandolins abroad.

Bruce Weber plans to pursue more international business. Japan is a market that Weber feels is ripe for exploration. The Japanese are beginning to pick up on bluegrass sounds, and Weber sees Japan as an emerging market. When entering a country like Japan, Sound to Earth will contact a major distributor and bring him to the plant in Montana to show the distributor how the instruments are made.

With a large U.S. market share and a formidable list of clients abroad, Sound to Earth found it necessary in recent years to postpone attending some major trade shows. The company simply did not have the production capacity to take on any new customers and still provide the same service in its original facility. In 2002, Bruce Weber began to search for a new venue for the growing company. A historical building, which had once housed Logan School, caught his eye with its stately windows and old mural. It seemed an ideal place to begin the next phase of business.

HAPPY MUSIC MAKES FOR BETTER SALES

While many growing businesses are left crippled during economic downturns, historically there has been an increase in acoustic instrument sales during such periods. Sound to Earth has relied on the fact that, as Weber puts it, "mandolin music brings people together, families together... it's happy music."

As Weber considered expanding production, Sound to Earth's relationship with Gallatin Development Corporation,



an economic development organization for the Bozeman area, suggested seeking loans from the Small Business Administration. The process went smoothly, Weber says: "The SBA has wonderful [loan] programs, as far as small entrepreneurs go, to facilitate growth and create jobs." Sound to Earth received SBA loans for the remodel of the Logan School, the consolidation of new property, and the purchase of new machinery.

Now, the stage is set for the next phase of business development, and Bruce intends to build guitars and fiddles. He has his eye on expanding further into the European market as well. He plans to attend the music industry's largest trade show, the Musikmesse in Frankfurt, Germany, in 2005. Presently, export sales are only 5 percent of Sound to Earth's annual sales. However, the company already has customers in several European countries and Canada and hopes to build on that further in the coming years. Such growth and prospects are music to any businessman's ears. ■

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Expansion Financing

Whether a business is strictly domestic or plans to enter global markets, the ability to obtain financing is a one of the critical factors for business success.

Initially, start-up capital is needed to bring an idea to reality. Later expansion financing can take an enterprise to the next level of development. Capital is the underpinning of the entrepreneurial vision. Combined with planning and careful attention to risk factors as the business grows, raising capital is crucial.

The Small Business Administration is only one of many sources for start-up and business expansion financing. A creative entrepreneur will search for other resources and, as the success story of Sound to Earth shows, sometimes a local economic development program may be best suited to a company's needs.

Timing and finding the right pace for business growth may not immediately seem crucial to business success. Yet, runaway growth may have the seductive appearance of success only to lead ultimately to failure. With double-digit growth rates, Sound to Earth has in six years increased its employees from three to 26, and become the largest U.S. manufacturer of mandolins. Managing the expansion into export markets has been a deliberate strategy for Sound to Earth, which is now poised to benefit from its planning.

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